

## Annual Verification of Balance Sheet and Subsidiary Accounts

# Training Aid

1. **Purpose.** Supporting records provide reasonable assurance that the recording, processing, and reporting of financial data are properly performed and general ledger control accounts are balanced.
2. **References.**
  - AFI 34-209, Nonappropriated Fund Financial Management and Accounting
  - AFMAN 34-214, Procedures for Nonappropriated Fund Financial Management and Accounting
  - AFMAN 34-212, Control Procedures for Protecting NAF Assets
  - Air Force Services Agency, NAF AO Subsidiary Checklist - See Atch.
3. **Guidance.** The NAFFA is responsible for annually reviewing all balance sheet accounts and supporting records to verify accounts are properly reconciled by the Nonappropriated Fund Accounting Office (NAF AO). The NAFFA does not perform reconciliation.

AFM 34-214, *Procedures for Nonappropriated Funds Financial Management and Accounting*, can be used as a reference for balance sheet account descriptions and criteria for their use.

Subsidiary ledgers should exist to support the balance sheet accounts. NAFFAs should verify documentation is as detailed as deemed appropriate for asset protection, management information, and fund accounting. Documentation should also exist to support reconciliation of the general ledger control accounts to their respective subsidiary record by accounting period.



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4. **Review Process.** Begin the review process after NAF AO reconciliation of the subsidiary records to general ledger control accounts has been completed, and financial statements have been finalized.

The financial statements must be prepared in accordance with Air Force Manual (AFM) 34-214, *Procedures for Nonappropriated Funds Financial Management and Accounting* and the review should be sufficient to establish that amounts reported in the NAF financial statements are supported by their subsidiary ledgers.

**NOTE:** See the attached NAF Accounting Office (AO) Checklist for a detailed description of reconciliation procedures NAF AO personnel use for specific balance sheet general ledger account codes (GLACs). NAFFAs should use this checklist during their reviews to ensure NAF AO personnel follow proper procedures.

5. **Reporting.** The NAFFA should prepare a final written report. Refer to FMTA #16 for a list of inclusive information. Identify any out of balance conditions noted during the review process, and whether the Resource Management Flight Chief (RMFC) identified them on the quarterly certified financial statements. Any accounting practices not in conformance with AFM 34-214 should also be reported.

6. **Distribution.** A level 1 review (ref. FMTA #16) is required for the annual verification of balance sheet and subsidiary accounts. This level of review includes the Installation Commander, the Support Group Commander, the installation FM, the Services Commander/Director, the RMFC, and the Flight Chief.

7. **Follow-up.** In accordance with AFI 65-107, the NAFFA should follow-up on all review findings and recommendations to ensure that open items (deficiencies w/estimated closing dates) are corrected in a timely manner.

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